State of Michigan
FAMILY INDEPENDENCE AGENCY

MEMORANDUM

To: Jim Nye, Director   December 10, 1999
       Outstate Operations
       Family Services Administration

From: Rita J. Barker, Director
        Office of Internal Audit

Subject: Audit of Oceana County FIA
               Assignment #98-222, Period 8/1/98 – 7/31/99

The Office of Internal Audit performed an audit of Oceana County FIA for the period August 1, 1998 through July 31, 1999. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that department assets are safe guarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Oceana County FIA had 96 full time equated positions (FTE's) at the time of our review. Oceana County FIA provided assistance to an average of 2,662 recipients per month during FY 1998, with total assistance payments of $3,118,447 during that year.

Our audit was conducted in accordance with <u>Standards for the Professional Practice of Internal Auditing</u> issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at Oceana County FIA, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Client Processing	CIS
Cash Disbursements	Cash Receipts
General Ledger	Safe & Controlled Documents
Modified Accrual Balance Sheet	IRS Information Security
Accounts Receivable	Food Stamps
ENP/SER Program	Medical Transactions
Phone Usage	

Based on our audit, we concluded that the Oceana County FIA internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We found no instances of noncompliance with FIA policies and procedures, and no material weaknesses in internal controls.

c: N. Sterk
     M. Jasonowicz

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